

The Committee: **Governance & Audit Committee**  
 Date of meeting: **1<sup>st</sup> December 2023**  
 Report Subject: **Internal Audit Progress 2023/24**  
 Portfolio Holder: **Cllr Steve Thomas – Leader / Cabinet Member for Corporate Overview and Performance**  
 Report Submitted by: **Andrea Owen Professional Lead - Internal Audit**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
virtual	09/11/2023	11.11.23	22/11/2023					

**1. Purpose of the Report**

1.1 The purpose of this report is to update the Governance & Audit Committee on the progress against the Internal Audit Plan for the period 1st July 2023 to 30<sup>th</sup> September 2023.

**2. Scope and Background**

2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).

2.2 The Internal Audit Plan has been compiled based upon Risk Assessments whereby each potential audit area is scored using a risk matrix. The scoring matrix uses a set of criteria relating to the audit risks, the Authority's objectives and the views of Senior Managers.

2.3 The audit work allocated to staff for the period July to September 2023 is based on the outcomes of the Risk Assessment exercise. This approach allows flexibility in the audit plan and can accommodate an individual auditor's experience and skill set when allocating audits.

**3. Recommendation**

3.1 The Governance & Audit Committee consider the report and findings within the attached Appendices, notes the progress on activities for the period 1<sup>st</sup> July to 30<sup>th</sup> September 2023, providing appropriate challenge where relevant.

**4. Evidence of how this topic support the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 In line with the Corporate Plan Priority of an ambitious and innovative council delivering quality services at the right time and in the right place, presentation of the Internal Audit progress report demonstrates the breadth

and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

- 4.2 The Governance & Audit Committee, in their role as those charged with governance, and in compliance with the PSIAS, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit and Risk Manager will base her annual audit opinion.

## 5. **Implications Against Each Option**

### 5.1 Impact on Budget

There are no direct financial implications resulting from this report.

### 5.2 Risk including Mitigating Actions

The report demonstrates the breadth and depth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority are being examined during the financial year. Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems in the Authority's internal control environment are not being identified, resulting in increased financial or reputational damage. This is mitigated by regular review of progress and reprioritisation as appropriate.

### 5.3 Legal

Provision of an adequate audit service, demonstrated in part through the production of a suitable audit plan, contributes to the Section 151 officer being able to fulfil her statutory duties under the Local Government Act (1972).

### 5.4 Human Resources

The section currently has a complement of six full time posts. This includes two posts that have been subject to appointments within the last 18 months.

- 5.4.1 The section's sickness for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2023 is an average of 2.17 days per person against an annual directorate target of 7 days per person.

### 5.5 Health and Safety

There are no direct health and safety implications arising from this report.

## 6. **Supporting Evidence**

### 6.1 Performance Information and Data

Activities during the period 1<sup>st</sup> July to 30<sup>th</sup> September 2023 are set out in Appendix A attached. The format shows a summary of findings from audit reports produced in the period, including a formal audit opinion where

appropriate. Where individual audits are graded as Limited Assurance, or No Assurance an Internal Audit report will be provided as appendices for Members' consideration. The Follow –Up audit completed during the period where weaknesses have not been implemented is presented at Appendix B.

6.1.1 Performance data for the Section for the period to 30<sup>th</sup> September 2023 is presented at Appendix C. The grading's issued during the period and percentage coverage for each department is shown at Appendix D and E.

6.1.2 All local performance indicators are being achieved. The Internal Audit plan completed is 36.53% against a target of 36.50%.

6.2 Expected outcome for the public

An effective Internal Audit Service and Governance & Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.

6.3 Involvement (consultation, engagement, participation)

Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.

6.4 Thinking for the Long term (forward planning)

The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

6.5 Preventative focus

Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.

6.6 Collaboration / partnership working

There are no collaboration / partnership working arrangements arising from this report.

6.7 Integration (across service areas)

The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.

6.8 Decarbonisation and Reducing Carbon Emissions.

No impact for this report.

Integrated Impact Assessment

6.9 Not applicable.

## **7. Monitoring Arrangements**

- 7.1 Internal Audit reports are presented to the Governance & Audit Committee as part of the progress report. Where audit assignments have been graded as Limited Assurance or No Assurance, the Internal Audit Report will be provided as appendices for Members' consideration.
- 7.2 Performance data for the Section is periodically presented to members as part of the ongoing progress reports.
- 7.3 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Audit and Risk Manager and supports the Governance & Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

### **Background Documents /Electronic Links**

- Appendix A - Audit activities for the period July to September 2023.
- Appendix B - Follow- Up Audit where weaknesses have not been implemented or unable to test during the review.
- Appendix C - Performance Indicators 2023/24.
- Appendix D - Grading's issued for the period April to September 2023.
- Appendix E - Percentage coverage for each department.